After experiencing a continuous poverty decline between 2010 and 2015 - mainly driven by increased labor market opportunities, pensions, social assistance, and agricultural incomes - trends stalled in 2016 and continued stagnant in 2017. Using the national (absolute) poverty line, the poverty rate reported by the Georgian State Statistical Office (Geostat) moved from 22.0 percent in 2016 to 21.9 percent in 2017. Similar dynamics can be observed when using the international lower-middle income country poverty line of US$3.2 PPP per day. This can partly be explained by a reduction in the percentage of active adult participation in the labor force and a relatively high urban unemployment rate (at 19% for 2017) despite declining trends. In contrast, using the international poverty line of US $1.90 PPP, extreme poverty in Georgia increased from 3.9 to 5.0 percent between 2016 and 2017 mainly due to shrinking agricultural incomes and a fall in transfers from pensions and social assistance. Reductions in transfers from abroad also affected total incomes of households in the bottom 40 percent and in rural settings.

The shared prosperity premium in Georgia was positive during 2011-17, at 1 percentage point, mainly reflecting improvements in welfare for the bottom 40 percent of the population prior to 2015. However, between 2016 and 2017, consumption of the bottom 40 grew at a slower pace than the average consumption of all Georgians, with a 5-percentage points difference. Inequality increased in Georgia. The Gini coefficient in 2017 was 0.38, higher than the 2016 estimate (0.37), as measured by the harmonized consumption aggregate used for international comparisons. Despite cumulative progress in inequality reductions since 2010, Georgia continues to rank among the most unequal countries in Europe and Central Asia.
POVERTY DATA AND METHODOLOGY

The national poverty methodology uses an absolute poverty line based on the cost of basic needs methodology. In addition, the state statistical office (Geostat) reports poverty indicators based on relative poverty (40 and 60 percent of median income). The national poverty methodology uses a welfare aggregate based on consumption (base year 2015) and it is scaled using adult equivalent estimates by Geostat. Prices are deflated across regions and in time. Consumption information is collected through the Household Income and Expenditure Survey (HIES) — formerly Integrated Household Survey, IHS — a nationally representative survey that collects quarterly consumption, income and other social indicators. The latest available year is 2017. In 2017, the HIS became the HIES and the sampling frame was updated to match the 2014 Population Census. Geostat also updated the HIS survey weights and recalculated national poverty rates for the period 2004-2016 accordingly, to match the 2014 Census. The World Bank’s international poverty rates are based on the “dollar a day” methodology designed to reflect how the world’s poorest countries define a minimum threshold of living standards, applicable across time and space using a sample of relative price levels within and across countries. The rate of international poverty is a headcount of the poor in a given country based on this international threshold, translated into local currencies and adjusted for temporal and spatial price differences. The welfare aggregate used for international poverty uses the per-capita scale. The quality of data for monitoring welfare in Georgia is high.

HARMONIZATION

The numbers presented in this brief are based on the ECAPOV database. The ECAPOV micro database was established in 1998 to support a regional poverty report. The database is managed and harmonized by the Europe and Central Asia Team for Statistical Development (ECATSD). ECAPOV includes 29 countries, with an average of 8 surveys per country. Recently, EU-SILC data for EU countries, received from Eurostat, have been added to the collection. Each survey in ECAPOV is organized into 6 modules following the Global Monitoring Database (GMD) harmonization guidelines, including the construction of the welfare aggregate which is used for Global Poverty Monitoring. Terms of use of the data adhere to agreements with the original data producers.